

**OFFICE OF THE
INSPECTOR GENERAL**



**STRATEGIC PLAN
FISCAL YEARS 1998 - 2003**

"We are agents of positive change striving for continuous improvements in our agencies' management and program operations, and in our own offices."



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NRC-OIG

STRATEGIC PLAN FOR FISCAL YEARS 1998-2003

INTRODUCTION AND OIG VISION STATEMENT

The NRC's Office of the Inspector General (OIG) strategic plan represents the culmination of an intensive effort for which all OIG staff drew on their collective experience and expertise to comprehensively re-examine the OIG's purpose and future direction. This effort was facilitated by a consulting firm which has extensive experience in helping entities in private industry and government formulate strategic plans. The strategic goals presented in this plan comprise the essential elements necessary to effectively realize the OIG's principal mission. It also reflects the vision statement adopted by the OIG: ***"We are agents of positive change striving for continuous improvement in our agency's management and program operations and in our own office."***

MISSION

The Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, as amended, established the basic regulatory mission of the U.S. Nuclear Regulatory Commission (NRC). The NRC's mission is to regulate the Nation's civilian use of byproduct, source and special nuclear materials to ensure adequate protection for the public health and safety, to promote the common defense and security, and to protect the environment.

The American people expect excellence and accountability from their government. Toward that end, the U.S. Congress passed the Inspector General (IG) Act in 1978 to ensure integrity and efficiency within the Federal government and its programs. In accordance with the 1988 amendment to the Act, the NRC's Office of the Inspector General (OIG) was established as a statutory entity on April 15, 1989. ***The NRC-OIG mission is to (1) independently and objectively conduct and supervise audits and investigations relating to the NRC's programs and operations; (2) prevent and detect fraud, waste, and abuse, and (3) promote economy, efficiency, and effectiveness in NRC's programs and operations.*** The Inspector General keeps the NRC Chairman and Members of Congress fully and currently informed about problems, recommends corrective actions, and monitors NRC's progress in implementing such actions.

ROLE OF THE OIG

The existence of the OIG relieves agency program managers and executives from being solely responsible for gathering objective data and evidence in circumstances where wrongdoing is suspected and where intense scrutiny and controversy exist. In this capacity, an OIG is the focal point for the responsibility for conducting audits and investigations relating to the programs and operations of the agency.

In order to accomplish this broad mandate, Inspectors General (IGs) have substantial independence and authority. Within this broad purview, the IGs are authorized to conduct audits and investigations of agency programs; have direct access to agency records and materials; issue subpoenas for all necessary information, data, reports, and other documentary evidence; hire their own staffs; and, request assistance from other Federal, State, and local government agencies. The IG structure allows them to act as independent fact gatherers, often undertaking initiatives at the request of the agency head, and provide assessments in such areas as financial management systems and internal controls. In such instances, the IGs and agency management pursue the same ultimate goal—efficient and effective program operation and delivery of services.

Audits

The OIG Audit staff conducts performance and financial audits as well as special evaluations. Audits are conducted in accordance with Government Auditing Standards. Performance audits are conducted on NRC administrative and program operations to evaluate the effectiveness and efficiency with which managerial responsibilities are carried out. They focus on whether management controls, practices, processes, and procedures are adequate and effective, and whether programs achieve intended results.

Financial audits include the financial statement audit required by the Chief Financial Officers Act and other financial-related audits. These audits include such items as internal control systems, transaction processing, financial systems, and contracts. As a complement to the audit function, OIG auditors perform a limited number of special evaluations. These evaluations provide a mechanism for the OIG to perform an initial, quick review of a question or an issue to determine whether in-depth, independent audit work should be planned. In preparing reports summarizing audit findings, the OIG strives to maintain an open channel of communication between the agency and management officials to ensure that audit findings are accurate and fairly presented in the audit report.

Investigations

Investigations are conducted in accordance with the Quality Standards for Investigations of the President's Council on Integrity and Efficiency (PCIE), Department of Justice (DOJ) guidelines, the NRC/OIG Special Agent Handbook, and other applicable laws, policies, and regulations. OIG investigators conduct investigations of individuals and entities suspected of offenses against the criminal and civil laws of the United States or NRC regulations, in accordance with the IG Act. OIG coordinates investigations with the Department of Justice, U.S. Attorney's offices and other law enforcement agencies. Investigations generally fall into the following categories: fraud, waste, abuse, and mismanagement involving NRC programs, activities and functions; contract and procurement fraud and improprieties; conflict of interest and ethics violations; and, NRC employee misconduct and improprieties.

Many sources refer allegations of criminal misconduct and wrongdoing to the investigative staff. These sources include: NRC management and staff, the Congress, public interest groups, the nuclear industry, other government agencies, and the general public. OIG maintains a toll-free telephone hotline to facilitate the receipt of allegations.

In addition to criminal and administrative investigations, OIG investigators conduct event inquiries that have traits common to both audits and investigations. Institutional weaknesses that led to or allowed a problem to occur are addressed during these inquiries, which may serve as precursors for more extensive activity by the OIG's audit and/or investigative staff.

Counsel

OIG counsel reviews proposed legislation, regulations, directives, and policy initiatives that affect NRC's programs and offices. Significant concerns are documented in regulatory commentaries and given to the agency for consideration. These commentaries provide OIG's objective analysis of vulnerabilities created by proposed or existing statutes, regulations, or policies. Commentaries cite the IG Act as authority for the review, state the specific law, regulation or policy examined, the pertinent background information considered, and identify OIG concerns, observations, and suggestions. Significant observations regarding NRC action or inaction in response to OIG commentaries are reported in the Semiannual Report to Congress.

Management Support

The Resource Management and Operational Support staff performs myriad support functions. These include formulating and executing the OIG budget, administering independent personnel services, preparing the OIG Semiannual Report to Congress, supporting information technology within OIG, and coordinating strategic planning activities.

GOALS AND OBJECTIVES

The OIG's strategic plan includes four general goals and a number of supporting objectives that describe planned accomplishments. These goals and objectives are stated below. Additional details regarding strategies and planned audit and investigative work are contained in the OIG annual plans.

GENERAL GOAL 1:

To add value to the NRC's technical and administrative programs, OIG will identify opportunities for improvement in the agency and conduct activities for the purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations.

Objectives

1. *Conduct Timely, Effective, and Independent Audits and Investigations*

OIG will ensure adequate audit coverage for agency programs based on needs identified through the annual planning process, issue area managers, and special requests. Internal performance indicators will be used to measure factors relating to audit efficiency and effectiveness.

OIG will ensure that investigations are conducted in a timely manner and that investigations address all relevant facts in a thorough and impartial manner. Internal performance indicators will be used to measure the efficiency, timeliness and other factors relating to quality investigations.

On an ongoing basis, OIG will assist the NRC in deterring fraud, waste, and abuse by identifying areas of program vulnerabilities and allocating resources to ensure adequate coverage in those areas.

OIG will report satisfactory program performance when observed and appropriate.

OIG will validate the relevancy of its products by obtaining customer feedback on an annual basis.

! To address timeliness issues, OIG will obtain input from the NRC and external customers regarding their general expectations.

! OIG will obtain customer input regarding audit work plans. OIG will also establish a mechanism to obtain feedback regarding OIG's performance and procedures for audits and investigations.

! OIG will establish general product milestones for its work products, and will communicate these to its customers.

OIG will deliver information in a neutral manner and present a balanced conclusion.

2. *Proactively Identify and Act on Current and Emerging Issues.*

OIG will use the issue area monitoring program to keep abreast of current and emerging issues for audit, investigation, and survey work. OIG staff designated as

Issue Area Managers (IAMs) will determine if the office receives adequate data needed to perform this function. To do this, the IAMs will seek input from other OIG staff members. IAMs will also continually evaluate the need for particular expertise and capabilities needed to conduct work in these areas. IAMs will brief OIG management and staff at least once each year on the status of their issue areas.

OIG will use the IAM program to assist in planning future work and to keep OIG, NRC, and other interested parties informed as appropriate. IAMs will meet with the appropriate NRC program offices at least once each year.

3. *Advise the NRC in Areas of OIG Expertise*

To add value to the NRC's programs and processes in areas where OIG can provide expertise and advisory assistance, OIG will seek participation on NRC management projects and task forces as observers. OIG will strive to participate on at least one of these projects or task forces each year. In addition, OIG will provide appropriate reference material and data to the NRC that may include "best practice studies" for their consideration.

4. *Enhance Programs for Prevention and Awareness of Fraud, Waste, and Abuse*

OIG will continue to update its Prevention and Awareness Program.

Based upon an assessment of the risk of fraud, waste, and abuse in the NRC's operations, OIG will tailor prevention and awareness planning for a multi-year period beginning in FY 1999.

OIG will disseminate prevention and awareness information to NRC staff, the industry, and the public in FY 1999.

OIG will provide training annually for NRC employees and others, in areas most at risk for fraud, waste, and abuse.

GENERAL GOAL 2:

In order to keep our stakeholders well-informed, OIG will enhance its communication and liaison activities with OIG's customers, including NRC management, the U.S. Congress, government agencies, the nuclear industry, and public entities.

Objectives

Develop and Enhance Liaison Activities with OIG Customers

The IG and Deputy IG will meet periodically with NRC's Executive Director for Operations, the Chief Financial Officer, the Chief Information Officer, and the General Counsel. This will be accomplished at least four times each year.

The IG will provide monthly briefings to the NRC Chairman and quarterly briefings to the NRC Commission.

OIG will hold an annual planning conference and invite NRC management, congressional staff, industry representatives, citizen groups, and GAO, in order to elicit potential issues for future OIG efforts.

The OIG will meet periodically with appropriate Congressional Committees and will provide quarterly summaries of audit and investigative reports to the U.S. Senate Committee on Governmental Affairs.

The IG or Deputy IG will attend scheduled meetings of the PCIE and serve on established committees and working groups.

The IG will enter into Memorandums of Understanding (MOU) with other agencies, as necessary, in areas where there is overlapping jurisdiction or where it is in both parties best interest to do so (e.g., with the Department of Energy, and the Department of Justice/FBI).

OIG will timely produce and distribute the Semiannual Report to Congress, to NRC management, and other interested parties. The semiannual report, as well as other public reports, will be made available on the Internet.

GENERAL GOAL 3:

OIG will make value-added policy, legislative, and regulatory recommendations relating to the NRC's programs and operations.

Objectives

Review Existing and Proposed Legislation and Regulations

OIG Counsel will review existing and proposed policy, legislation, and regulations relating to the NRC's programs and operations. OIG will provide the NRC with timely reports that will address the impact of such legislation or regulations on the economy and efficiency of its programs and operations, and on the prevention and detection of fraud, waste, and abuse.

GENERAL GOAL 4:

OIG will improve the effectiveness of its efforts in conducting activities for the purpose of preventing and detecting fraud, waste, and abuse in NRC's programs and operations by ensuring the economical, efficient, and effective operation of our office.

Objectives

1. *Maximize Organizational Efficiency and Effectiveness*

As part of its annual planning efforts, OIG will evaluate its report production processes and determine where and how they can be streamlined.

OIG will also assess the efficiency of current methods for information distribution within the office. This assessment will address ease of retrieval of information and barriers to access and communication.

OIG will conduct meetings to allow OIG staff to provide input directly to the IG and the Deputy IG regarding audit and investigative issues. These sessions will be conducted quarterly.

2. *Evaluate the Sufficiency of the Current Issue Area Monitoring Program*

OIG will evaluate how current issue areas are monitored and whether additional sub-issues are needed. This will be accomplished during FY 1999.

OIG will consider whether it is appropriate to expand the program, which currently is an audit staff function, to include the investigative staff, and whether the current information flow within the OIG is adequate. This will be accomplished during FY 1999.

3. *Develop a Specialized Training Program and Increase the Organizational Knowledge of the OIG Staff*

OIG will establish a specialized training program for the OIG staff to enhance awareness of investigative, audit, legal, and pertinent legislative processes. As part of this effort, OIG will continue to develop its technical training program at the NRC's Technical Training Center. OIG staff will enroll in courses in NRC's technical areas of expertise that are available through the NRC's Technical Training Center or other sources.

OIG will build upon the diverse backgrounds and strengths of the OIG workforce through the use of Individual Development Plans (IDPs), and a professional growth mentoring and orientation program for new OIG employees. OIG management will encourage all staff to develop and update an IDP annually.

OIG will establish an active recruiting process to facilitate identification of qualified individuals for audit, investigative, and support staff positions consistent with agency goals, OIG policy, and Equal Employment Opportunity objectives.

Description of How Goals and Objectives Will Be Achieved

1. **Organization** - OIG's goals and objectives will be implemented through its four internal functions: Audits, Investigations, Legal Counsel and the Resource Management and Operational Support Staff. All of these functions are located at NRC headquarters in Rockville, Maryland.
2. **Resources** - The OIG employs auditors, management analysts, criminal investigators, investigative analysts, an attorney and various support personnel. OIG also uses contractors for contract audit work, special projects, surveys, and the quality assurance review of the investigative program. Audit quality assurance is accomplished through internal policy and procedures and through peer review by other OIGs. Historically, OIG's audit and investigative staff have applied approximately 45 percent of their resources to the NRC's reactor program, 50 percent to management and support programs, and 5 percent to the nuclear materials and nuclear waste program. Absent any significant changes in the NRC's program mix or funding levels, the OIG expects to continue with this approximate resource allocation.
3. **Goals and Objectives** - Each year OIG prepares an annual plan, with an audit and investigative component, which is distributed to the Congress and NRC management. This document is publicly available upon request. The audit element of this annual plan identifies the specific NRC program areas and the key issues, strategies and objectives on which OIG audit resources will be focused. OIG Investigations also prepares a more detailed internal plan that is not publicly available. This submission, with specific investigative priorities and goals, identifies specific areas of agency programs and operations that are of particular interest to the investigative unit, which will receive the highest priority for the expenditure of investigative resources. The Congress, NRC management, industry, and citizens' public interest groups have been, and will continue to be consulted for audit and investigative suggestions.

The OIG strategic plan will be made available to the Congress, NRC management, and other appropriate stakeholders.

4. **Accountability** - The performance evaluation standards for the Deputy Inspector General and the Assistant Inspectors General have included, and will continue to include, accountability for successful achievement of the OIG's annual plan. Professional staff evaluation standards are tied to successful achievement of planned goals as well.

Factors Affecting Achievement of Goals and Objectives

1. **Resources** - In FY 1996, the OIG experienced significant staff attrition that resulted in an increase in carryover fund balances. In response, the OIG reduced its budget request for FY 1998 to \$4.8 million intending to augment its annual appropriation with carryover funds to support necessary operational activities, such as the annual audit of NRC's financial statements. However, this level of appropriated funding was recognized then, and now, as insufficient to meet the actual costs of conducting essential OIG programs on an ongoing basis. In recognition of this, the OIG tried unsuccessfully in FY 1999 to restore adequate base funding. In FY 2000, available carryover funds will be insufficient to bridge this funding gap to meet program needs. Without the requested increase in OIG's FY 2000 budget, the office will not be able to provide adequate oversight coverage of NRC's high-risk programs. The current FY 1999 budget level of \$4.8 million would only meet salary and benefits costs in FY 2000.
2. **Statutory Changes** - Any expansion of the NRC's statutory authority such as the oversight of certain Department of Energy programs could require a modification of the general goals and annual plan strategies and additional resources to accomplish them.

Relationship Between the Annual Plans and the Strategic Plan

1. **Relationship** - The goals in the annual plan identify specific audits and evaluations that are scheduled to achieve the strategic plan's goals and objectives. The annual investigative plan also outlines fiscal year investigative priorities and objectives to fulfill the strategic plan objectives. Audit and investigative results, and other OIG initiatives, determine the successful achievement of the general goals and objectives outlined in the OIG's strategic plan.
2. **Performance Indicators** - In 1995, OIG retained Arthur Andersen and Company to review the performance indicators being used at that time by OIG, and to provide input regarding the indicators conformance with the requirements of the Government Performance and Results Act (GPRA). As a result of this review, a number of revisions were made. At the conclusion of their work, Arthur Andersen determined that the indicators met GPRA requirements. At the end of each fiscal year, the performance outcomes are reviewed by the Inspector General and the Deputy Inspector General so that management emphasis can be directed toward potential areas of concern. These indicators include the following:

a. Audit Performance Indicators

- ! Keep average cost per audit to 1 full-time equivalent (FTE) or less.
- ! Complete audits in 6 months or less, on average.
- ! Ensure audit quality by obtaining satisfactory peer review.

- ! Obtain customer feedback on audit timeliness and quality.
- ! Obtain agency agreement on at least 80 percent of audit recommendations.

b. Investigations Performance Indicators

- ! Complete investigations in an average time frame of 8 months.
- ! Apply an average of 185 hours or less on completed investigations.
- ! Achieve a minimum success rate for convictions/pleas of 70 percent on cases accepted by the Department of Justice for prosecution.
- ! Achieve a minimum success rate for actions taken by the NRC of 70 percent on cases with wrongdoing aspects referred to NRC management for action.
- ! Achieve a minimum success rate for settlements of 70 percent for Program Fraud Civil Remedies cases accepted by NRC's Office of General Counsel.
- ! Address 80 percent of issues raised in customer surveys.
- ! Address all issues identified in quality control reviews.

c. Counsel Performance Indicators

- ! Input from OIG Counsel will be considered by the agency in their decisionmaking process in the majority of the matters reviewed.

d. Management and Operational Support Performance Indicators

- ! Properly safeguard the use of OIG appropriated funds.
- ! Clearly communicate the work of the NRC/OIG to the Congress, the NRC Chairman, and to other OIG stakeholders in its Semiannual Report to Congress.
- ! Provide relevant and timely support services to the NRC/OIG staff.
- ! Continue the professional development of the resource management staff.